



## **Public Utility Regulatory Discussion**

**Public Utilities, Energy, and Technology  
Interim Committee – Utah Legislature  
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## Walmart in the United States

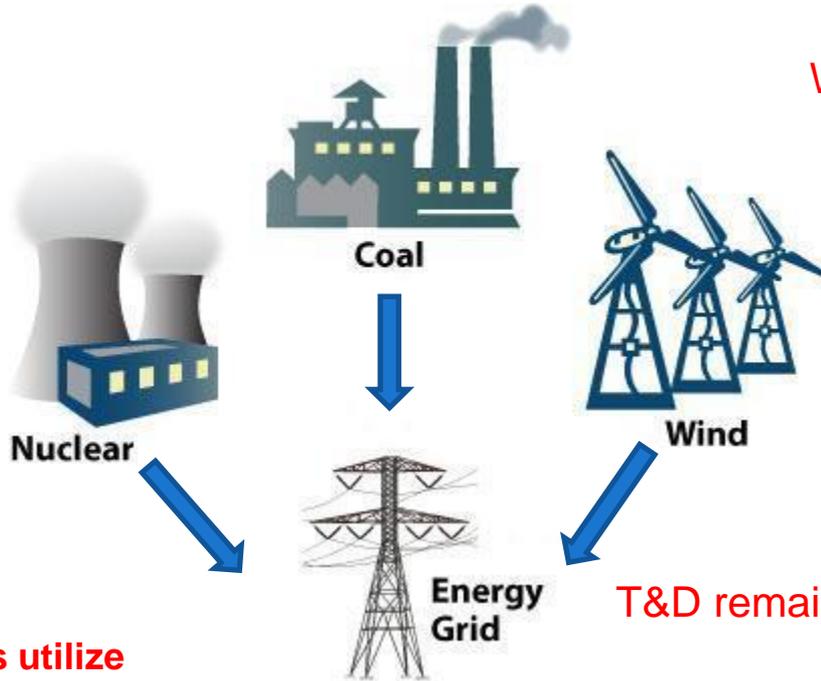
- 5,300 total retail units
- Over 120 distribution centers and other facilities
- Over 1.5 million U.S. associates

# Walmart in Utah

- 59 retail units
- Three distribution centers and other facilities
- Over 17,000 associates
- In FYE 2017 spent \$1.6 billion with UT suppliers, supporting over 25,000 jobs



# Traditional Energy Supplier in a Deregulated Market



Wholesale Trading with  
Generators and  
Counterparties

T&D remains regulated

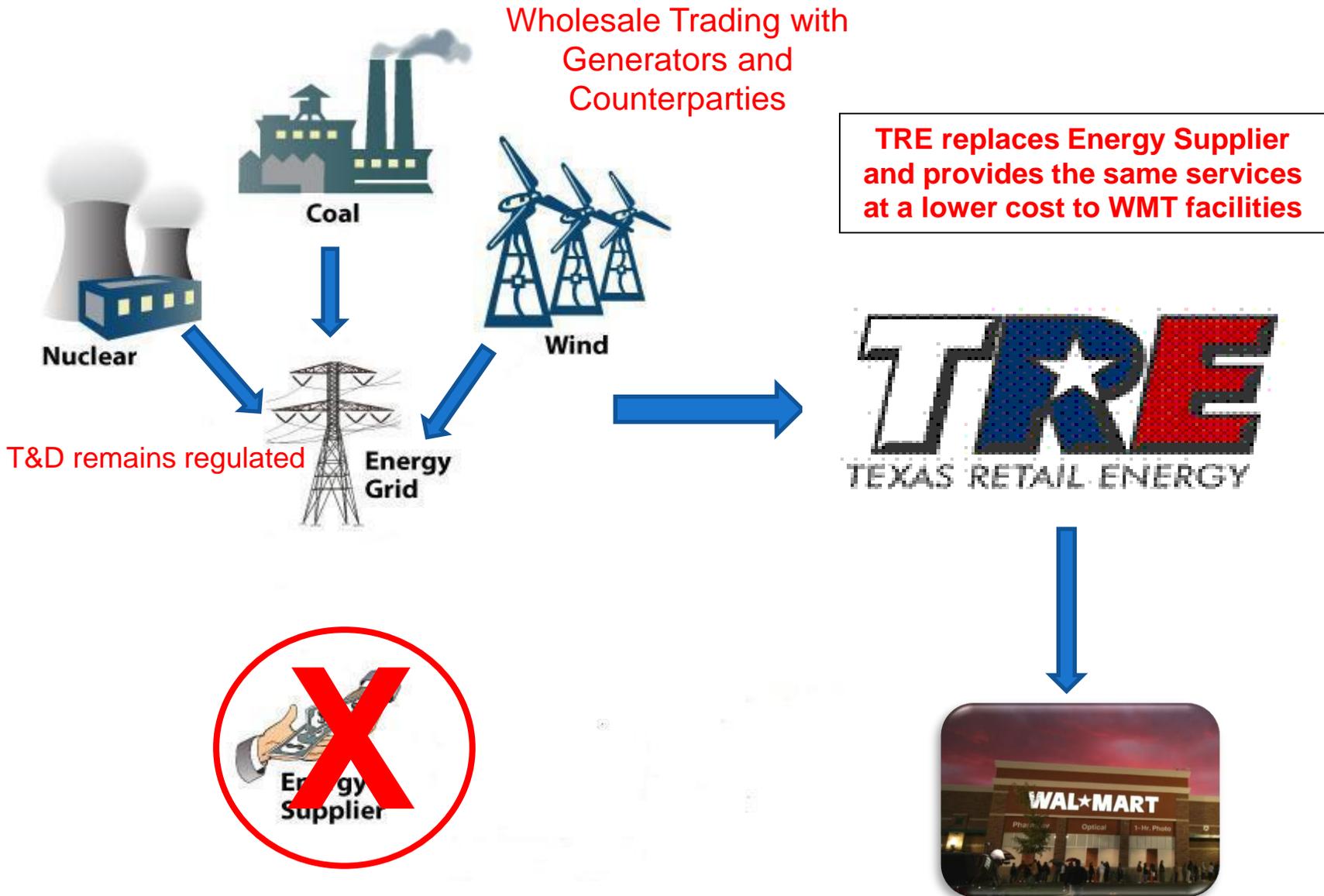
Energy Suppliers utilize  
wholesale markets to  
build supply portfolio.  
They add on their SG&A  
and Profit Margin.



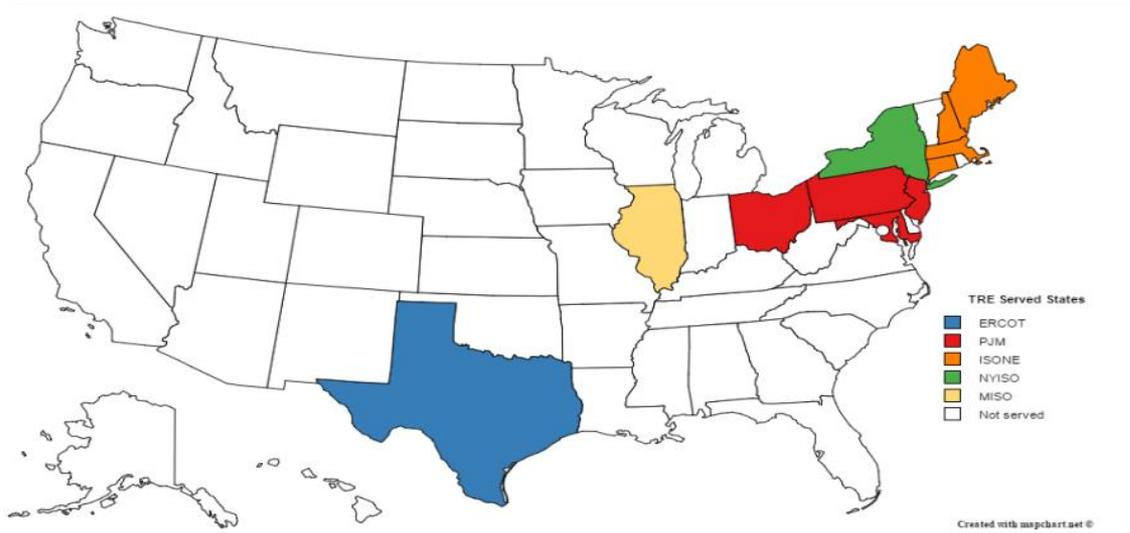
## Texas Retail Energy (TRE)

- Created in 2004 to buy energy for Wal-Mart operated facilities in Texas.
- Buys wholesale electricity from multiple suppliers in deregulated U.S. states and resells it to Wal-Mart's facilities in the state.
- Contracts with multiple suppliers provide operational flexibility and mitigate risks, thus providing wholesale savings.
- Provides access to renewable energy at scale by purchasing at the wholesale level (e.g., Logan's Gap Wind in Texas).

# TRE Model

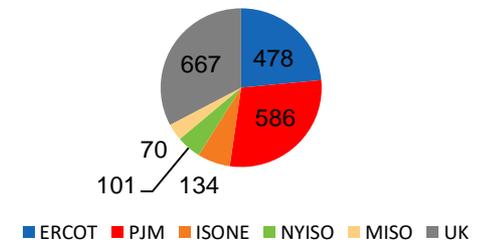


# Where TRE operates today



- TRE was established as a cost savings initiative in 2003. The team reduces cost in the supply chain by purchasing electricity direct from the wholesale market in competitive (deregulated) markets in the U.S. and the UK.
- TRE is operational in 11 states, 5 markets, and 45 utilities in addition to serving ASDA in the U.K. TRE is also Walmart's agent in all other deregulated markets for energy.
- TRE is ranked the 21<sup>st</sup> largest U.S. Energy Supply company in volume served by DNV GL Energy Group (formerly KEMA).

## 2,036 Facilities Served



# Benefits of Competitive Markets & TRE to WMT

- Savings compared to purchasing electricity from a 3rd party supplier
- Additional energy buying flexibility (suppliers, terms, and contract structures)
- Reduces WMT's counterparty and price risk
- Proactive Load Management
- Renewable Energy purchase vehicle due to ability to receive power directly from the generator

# Next Wave of Restructuring – Customers Want Control

- Access to wholesale renewable energy
  - NV, 72% of voters endorsed a constitutional amendment in Nov. 2016.
  - WA, Microsoft allowed by Commission to enter into special contract to procure supply from alternative suppliers.
  - MO, legislation introduced that would allow large C&I customers to purchase renewable power supply.
- Distributed resource neutrality
  - Creates a level playing field for distributed energy resources.
  - Enables wholesale market participation for demand response, storage, and behind the meter generation.
- Access to lower cost generation
  - AZ, Arizona Public Service wholesale buy through (200 MWs) for large C&I customers.
- Local control of generation resource mix
  - CA, Community Choice Aggregation has been widely popular with an emphasis on renewable resource procurement; leading the CPUC to initiate an in-depth inquiry into expansion of direct access.



Thank you!